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*On the PROGRESS of the EXPENDITURE of the UNITED KINGDOM.
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[Read before the Statistical Society, 14th January, 1861.]

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I.—*Introduction.*

As a sequel to my paper on the Revenue of the United Kingdom, I venture to bring before the Society some observations on the public expenditure. A difficult task it is to form a correct view of the incidence of taxation, and to arrive at correct conclusions as to the best methods of levying taxes, with any hope of apportioning the national burdens justly and equitably among all classes of society. But equally, if not more difficult, it is to consider how far we may, without imperilling our national existence, and without disregarding the calls of an advancing civilization, economize that portion of public resources which is devoted to State purposes. And if any attempt to estimate the prospective produce of taxes has been regarded as exceeding the limits of pure statistics, how much more would it be so considered were I to speculate on the probable course of the public expenditure, and lay before you figures, the realization of which would essentially depend on extraneous influence and on contingencies wholly beyond our power of control? Nevertheless, in this, as in other branches of statistical inquiry, the past may aid us much as a guide for the future; and if we take under review a sufficiently lengthened period, and examine what we have expended in times of war as well as in times of peace, our anticipations of the future may be founded on the surest basis, and embrace the most unforeseen emergencies. Indeed I regard it as a primary object in

statistical science to show, by inductive reasoning from past experience, what is the goal towards which we are advancing, and it is by pursuing this method of inquiry, that we shall best render the labours of our Society useful to the financier, the politician, and the student generally.

A general view of the finances of the United Kingdom exhibits the following striking facts:—

II.—United Kingdom.

(A.)—Revenue and Expenditure, 1800-59.

Years.	War, Peace.	Net Amount of Taxes Received.	Amount of Expenditure.	Deficiency.	Excess.
		£	£	£	£
1800-16	War	51,000,000	74,500,000	23,500,000	—
'17-20	Peace	53,000,000	54,500,000	1,500,000	—
'21-30	"	55,000,000	55,000,000	—	—
'31-40	"	48,000,000	51,000,000	3,000,000	—
'41-50	"	57,000,000	56,000,000	—	1,000,000
'51-60	War and peace	60,500,000	63,300,000	2,800,000	—
1851	Peace	52,000,000	49,500,000	—	2,500,000
'52	"	53,000,000	51,000,000	—	2,000,000
'53	"	54,000,000	51,000,000	3,000,000	—
'54	"	57,000,000	60,000,000	3,000,000	—
'55	War	63,000,000	84,000,000	21,000,000	—
'56	"	68,000,000	78,000,000	10,000,000	—
'57	{ War and mutiny.... }	66,000,000	66,000,000	—	—
'58	War	62,000,000	61,000,000	—	1,000,000
'59	"	62,000,000	64,000,000	2,000,000	—
'60	"	67,500,000	68,000,000	500,000	—

This tabular review of our finances shows:—

That during the great struggle with France, the expenditure exceeded the revenue by 23,500,000*l.* a-year, to meet which, loans were contracted representing a funded debt of nigh 320,000,000*l.*

That on the restoration of peace, little by little, from 1817 to 1830, the revenue and expenditure were equalized.

That in the following decennium the finances of the nation again left an average deficit of nearly 3,000,000*l.* per annum.

That in the period of 1841-50, owing to the imposition of the income tax by Sir Robert Peel, the public finances were improved, and some surplus was realized.

That it so continued till 1853, after which the Russian war, the mutiny in India, and the China war have produced a considerable deficit, which if thrown on the whole decennium, 1851-60, produces an average deficit of 3,000,000*l.* per annum.

Nor have the finances of other nations been much better for

many years past. In France, for the entire period from 1830 to 1854, there was an average annual deficiency of revenue of about 4,000,000*l.* Some improvement has, it is true, been introduced in late years, but it has been effected by means of enormous additions to the public debt. The finances of Austria have become chronically disordered. An average deficiency of 10,000,000*l.* a-year is a condition which no country can bear long; and the same might be said of other countries. That nations, whose resources are limited, and whose political institutions are feebly maintained, should often be under the necessity of resorting to loans, we may well imagine; but that the United Kingdom should have been unable to pay yearly its own expenses seems very extraordinary, especially when we consider how much the capital of the nation has increased within the last sixty years. In my paper on the Distribution and Productiveness of Taxes, read before the Society in January, 1860, I have shown, that whilst in 1801 the wealth of the United Kingdom was estimated at 1,800,000,000*l.* or 112*l.* per head, the same in 1858 was estimated at 6,000,000,000*l.* or 206*l.* per head; and that whilst the income of the population in 1800 was estimated at 14*l.* 7*s.* per head, in 1858 it was estimated at 20*l.* 15*s.* per head. I have shown also, that whilst in 1801-10 the taxes of the country absorbed 25 per cent. of the national income, in 1859 the portion absorbed was only 10 per cent. That the population nigh doubled within these sixty years, from 16,000,000 in 1800, to 30,000,000 in 1860; and that whilst in 1801-10 the proportion paid per head was 3*l.* 7*s.*, in 1851-58 it was 2*l.* 2*s.* 1*d.* per head only. With facts such as these before us, it is impossible not to arrive at the conclusion that it has been want of will, rather than want of means, that has prevented this country from supplying whatever amount has been necessary for the exigencies of the State. In so doing, however, we fail in one of the primary conditions in the compact between the nation and the state, the Government incurring yearly a certain amount of expenditure voted by the representatives of the nation, on the understanding that taxes of a somewhat equal amount may be annually paid; and it is only because the people perform this duty grudgingly and sparingly, that the Government is compelled to resort to loans. As a matter of fact, the lesson we draw from the experience of the last sixty years is that this country is quite willing to pay a limited amount of taxes varying from 50,000,000*l.* to 60,000,000*l.* per annum, but that whenever an extraordinary effort has been required, whether to meet the expenses of a war, or to provide for an indemnity to slave owners, or to meet the distress caused by the potato failure, a loan has invariably become necessary. An attempt has indeed been made to repay the loans for the Russian war, but one instalment only has been paid, and we have since contracted a new loan for the fortifications.

The public expenditure for the year ending 31st December, 1860, exclusive of payment for collection of revenue, has amounted to 68,000,000*l.*, divided as follows:—

	<i>£</i>	
Interest of National Debt	27,000,000	40 per cent.
Forces { Army	14,000,000	44 "
{ Navy	13,000,000	
China War	3,300,000	
Civil list and court charges	10,700,000	16 "
	<u>£68,000,000</u>	<u>100</u> "

Here we have the important fact, that the sum expended for the civil government in this country bears the smallest proportion to all other items, Parliament is always penurious, and extremely unwilling to pass any votes for the civil services. The salaries are screwed down to the minimum; all expenses for education, health, or improvements, are looked into with the most jealous eye; but the war expenditure, however large, seldom finds an objector. Whilst in a very few nights, and with the most unanimous consent, 10,000,000*l.* or 20,000,000*l.* are voted for the army and navy, the votes for the civil service are struggled through in a most disheartening manner.

As compared with other countries, the distribution of our expenditure exhibits a striking contrast.

(B.)—*Proportional Expenditure for Public Debt, Forces, and Civil Government, 1859.*

	War.	Per Cent.	Interest of Debt.	Per Cent.	Miscellaneous.	Per Cent.	Total.
	<i>£</i>		<i>£</i>		<i>£</i>		<i>£</i>
United Kingdom	30,300,000	44	27,000,000	40	10,700,000	16	68,000,000
United States	8,000,000	47	2,000,000	11	7,000,000	42	17,000,000
Portugal	800,000	26	700,000	24	1,500,000	50	3,000,000
Spain	4,700,000	23	5,600,000	29	9,200,000	48	19,500,000
Austria	11,000,000	32	10,000,000	29	13,000,000	39	34,000,000
France	19,000,000	26	23,000,000	31	31,000,000	43	73,000,000
Prussia	5,000,000	27	2,400,000	12	13,700,000	61	19,500,000
Russia	15,000,000	34	5,000,000	11	24,000,000	55	44,000,000

In examining these statistics, however, we must of course remember that many things which in this country are promoted by private efforts and voluntary contributions, are, in other countries, entirely supported by the State; and that many things which in this country are defrayed by local or municipal funds, in other countries are paid by the Imperial Government. Still after making all allow-

ances, it is a remarkable fact that so little of the public expenditure of the United Kingdom is really spent in good and beneficent objects.

Of the three leading branches of expenditure, viz., the interest of the debt, the forces, and the civil charges, the first is subject to little change from year to year; the second is regulated mainly by the character of our political relations; and the third, embracing the whole expense of internal government, collection of the revenue, administration of justice, &c., is made up of a vast variety of small items, some of which are uncontrollable, and others are the necessary results of the increased resources, influence, and power, of the United Kingdom.

III.—*Army Expenditure.*

The Army Expenditure first claims our attention. Of the 15,000,000*l.* required for that service, nearly the half goes in pay, allowances, provisions, fuel, clothing, &c.; about a third in warlike stores, fortifications, barracks, wages of artificers, &c.; and the remainder in rewards for military services, pensions, &c. As the pay and allowances of the force constitute the great bulk of this expenditure, we shall first inquire into the number of men we have to provide for, and then enter into the other charges included in the army estimates. Since the commencement of the present century, the British army has been as follows:—

(C.)—*Average Force of the British Army, 1800-59.*

Years.	Peace, War.	Home.	Colonies.	Militia.	Volunteers.	Amount Voted.
						£
1800-15	War	144,000	59,000	69,000	320,000	25,000,000
'16-20	Peace	72,000	49,000	—	66,000	13,000,000
'21-30	"	51,000	38,000	—	56,000	9,200,000
'31-40	"	53,000	43,000	—	27,000	8,200,000
'41-50	"	70,000	46,000	—	16,000	9,000,000
'51-53	} Preparation for War {	84,500	46,000	—	14,500	9,200,000
'54-58		88,000	44,000	—	15,000	16,500,000
'59-60	"	88,000	44,000	—	15,000	15,000,000
'60-61	"	100,000	45,000	—	150,000	14,800,000
'61-62	Peace	101,000	45,000	—	150,000	14,600,000

As compared with the Armies of other countries, on a peace footing, as given in the Almanack of Gotha for 1861, the British will stand thus:—

(D.)—Proportion of Armies to Population and Area.

	Number of Men on Peace Footing.	Number of Inhabitants.	Square Miles.	Number of Soldiers per 1 Sq. Mile.	Number of Soldiers per 1,000 Inhabitants.
<i>United Kingdom</i>	100,000*	29,000,000	122,000	·81	3·40
<i>France</i>	316,000†	36,000,000	207,000	1·52	8·77
<i>Austria</i>	298,000	35,000,000	257,000	1·13	8·50
<i>Prussia</i>	212,000	18,000,000	108,000	1·96	11·70
<i>Russia</i>	578,000	71,000,000	130,000	·27	8·10
<i>Spain</i>	233,000	15,500,000	183,000	1·26	15·0
<i>Belgium</i>	74,000	4,700,000	11,000	6·70	15·60

* Exclusive of the army stationed in the Colonies.

† Exclusive of the gendarmes and of 70,000 troops stationed in Algeria.

It will appear from this table that, in proportion to population, the British army is considerably smaller than that of other European States. We must remember, however, that whilst in this country, owing to the respect for law, order, and peace, the military is practically quite useless in time of peace, in other countries it is always wanted to overawe the people. A correct comparison of army statistics is perhaps the most difficult thing to undertake. We can scarcely estimate the real strength of the public forces of the European States at the present moment; what proportion of them are really available, what is their state of equipment, their ages, and experience; the number under *congé* or in active service, and the number stationed at great or short distances to be depended on in cases of emergency.

If we look over the table of the British army since the restoration of peace in 1815, we shall see that in time of peace the British army at home has averaged 52,000, and in the colonies 40,000, besides the militia and volunteers, whilst the present number of our home army is 100,000. What are our prospects as regards the number of men we are to maintain? We are, at present, at peace with all nations, yet our army is just double of what it was during the whole period of peace, whilst we have now in arms high 150,000 volunteers. Shall we maintain our army at a war standard, or shall we return to more moderate limits? This is an important question, but it is not one for the Chancellor of the Exchequer to determine. It is for public opinion to guide, and for the Cabinet to direct. Let confidence be once introduced in the pacific relations of European States, let an end be put to the jealousies and fears which have agitated public mind for so long a period, and the Cabinet will at once see it fit to return to the peace standard of 1820 to 1840. We rejoice to notice a slight tendency towards this consummation. The

nation is somewhat tired of this constant succession of wars and mutinies. There is a time for everything, and we trust a time for peace is now coming. Should this be our experience for the future, then we may look forward for a reduction of at least 25,000 soldiers, at a saving of about 1,000,000*l.*, a measure which will be more than justified if we have regard especially to the 150,000 volunteers now in arms. Into the policy of encouraging the maintenance of the volunteer force I shall not enter. On economical grounds it is surely cheaper to entrust the national defence to the army or to a number of men who shall devote their whole time and energies to the profession of arms, than for the whole nation, or any portion of it, and especially the most active and vigorous, to neglect their daily avocation to go to drill and parade. And if the maintenance of the volunteers is not to produce some reduction in our army, the nation will pay double or treble the usual amount. Supposing each volunteer to spend 5*l.* a year in his uniform, subscription, &c., and a month in the year for drill, &c., as the aggregate of so many hours a day or week, we shall have an expenditure of 750,000*l.* and 150,000 months a-year, the value of which it is impossible to estimate. It may be said that the time thus spent is not a real waste if our young men thereby acquire muscular and physical strength, yet in so far as any present work is actually neglected a decided waste will ensue, setting aside that any intellectual effort, unless accomplished at a certain age, there is little chance of its being made at all.

Besides the diminution in the number of our home army, we should look forward to some reform in the expenditure incurred for the military defence of the British Colonies. That the garrisons of Malta, Gibraltar, and the Cape of Good Hope should be paid for by the Imperial Exchequer, is perhaps indispensable; but surely Australia, the West Indies, and Canada, are able to defray the cost of their own troops. Supposing by an arrangement with the Colonial Governments we could induce such Colonies to undertake at least the half of the cost of their military defences, we might save upwards of 1,000,000*l.* from the present colonial expenditure. This question is, I am happy to say, under the attention of Government, and as we learn that volunteer corps have been formed in most of the Colonies, I hope we shall soon hear of their dispensing altogether with the support of this country for their military defence. The salaries and allowances of our army are not capable of any reduction. When we think that the average pay of a non-commissioned officer is 38*l.* per annum, and of the rank and file 20*l.* per annum, it will be acknowledged that the inducements to enter the army are poor indeed. The general staff has nothing to complain of; an average of 350*l.* per annum is by no means low. It is the poor privates that are unpaid. The 1*s.* 1*d.* a-day, subject to so many deductions, is a

poor compensation for a life of hardship and danger undertaken on behalf of the country, and considerably less than the value of labour in any other department whatever. It would be a wise policy, with a view to the better organization of our army, and to prevent the numerous desertions, to augment the wages of privates and non-commissioned officers at least by 6*d.* and 1*s.* a-day respectively.

Some extensive reductions may safely be expected this year in the cost of warlike stores, whilst the cost of fortifications will not appear on the estimates, as it has been provided for by a special loan. The 1,000,000*l.* spent in barracks and educational provisions are perhaps all wanted; and it is all-important to spare nothing which will tend to improve the health and morals of the soldiers. As much as 2,000,000*l.* a-year are now spent on the non-effective service, but the only question we shall offer on this subject is, is it right that those who receive pensions or half-pay should in all cases retire from active service? A large number of men so rewarded are in reality in the prime of life, and I see no reason why their services should no longer be available to the country. Taking all these circumstances into consideration, as well as the state of politics, darkened as it is by the uncertainties of Italy, the ferment in Hungary, the troubles in Denmark, and the secession of the Southern States of America from the Union, it would be idle to expect that the army estimates for the next few years will amount to much less than 10,000,000*l.* to 11,000,000*l.*

IV.—*Navy Expenditure.*

The navy expenditure for the year ended 31st March, 1860, amounted to 12,000,000*l.*, and for the year 1861-62 votes are about to be taken for 12,000,000*l.* Since the commencement of the present century, this expenditure for naval purposes, and the number of seamen and marines provided for, were as follows :—

(E.)—*Average Number of Seamen and Marines, 1800-60, and Amounts Voted.*

Years.	War, Peace.	Number of Seamen and Marines.	Amount Voted.
			£
1800-15	War	121,000	17,500,000
'16-20	Peace	26,000	8,000,000
'21-30	"	30,000	5,700,000
'31-40	"	30,000	5,200,000
'41-50	"	41,000	6,800,000
'51-53	"	42,000	6,800,000
'54-58	War	64,000	14,200,000
1859	"	59,000	12,000,000
'60	"	84,000	13,000,000
'61	Peace	77,000	12,000,000

The navy expenditure depends much less than the army expenditure upon the number of sailors and marines. Whilst the wages and victuals of the army absorb nearly 50 per cent. of the whole expenditure, the wages and victuals of the navy absorb only 38 per cent. of the whole. These items have, however, been greatly increased of late; the number of seamen is much larger than in previous years; the wages of able seamen (continuous service) were increased from 1*s.* 4*d.* to 1*s.* 7*d.* per day, and those of other classes of officers were also improved by an alteration and re-arrangement of their classification, and the rate of victualling has risen from 15*l.* -*s.* 7 $\frac{4}{10}$ *d.* to 18*l.* 12*s.* 3 $\frac{8}{10}$ *d.* per man per annum, in consequence of the higher prices of articles of provision. To these important sources of expenditure we must add the expense occasioned by the wear and tear of the ships, and the constant need of repair. The amount spent in building, converting, repairing, and fitting ships in 1859-60, amounted to upwards of 4,000,000*l.* A large number of artificers are constantly at work in our dockyards, a majority of whom being skilled workmen are very liberally paid. In late years, moreover, a great increase of expenditure has been occasioned by the substitution of steam for sailing ships. In fact, in every item there has been a large and constant increase, quite independent of the competition in which we have entered with France. In estimating the probable course of the naval expenditure, we must not ignore these various circumstances which in a manner put a large proportion of the expenditure quite beyond our immediate control.

The present number of seamen and marines being more than double the usual force in time of peace, we may hope to see a reduction of about 20,000 of them, by which we may save 1,000,000*l.*; and should the prospect of peace grow brighter and brighter, so as to render it unnecessary to continue that excessive activity which has for so long reigned in our dockyards, and enable us to reduce considerably the number of artificers, the purchase of naval stores, &c., we may make a further saving of 2,000,000*l.* or 3,000,000*l.* Should we be correct in these anticipations, we will find that the navy estimates for the five years will amount to about 10,000,000*l.*, so that altogether, from these two sources, the army and navy, we may in time realize a saving of at least 6,000,000*l.*

V.—*Civil List and Civil Charges.*

After having provided for our external security, it is the duty of the State to provide for the internal government, the maintenance of order, the protection of civil rights, the endowment of public institutions, and above all, for the support of the Crown and Parliament. These various expenses, included under the designation of Civil List and Civil Services, are partly constituted as

permanent charges, and defrayed by the Consolidated Fund, and partly as supply services voted yearly by Parliament.

VI.—*Civil List.*

The first of these permanent charges is the support of the Crown. The sum of 400,000*l.* appropriated for our gracious Sovereign, exclusive of the revenues from the Duchies of Cornwall and Lancaster, bears a favourable contrast with the enormous dotations of other European Courts. The Emperor Napoleon, for example, receives 1,000,000*l.* per annum. Whatever sum, however, may be allotted to Her Majesty, is, I am sure, most cheerfully and heartily paid, and no sacrifices would be deemed too great, which may contribute to the happiness of a Sovereign so pre-eminently distinguished for her wise and benignant rule, for the most endearing and attractive graces, and for her domestic and social virtues.

VII.—*Annuities and Pensions.*

What is eminently objectionable in the annuities and pensions granted for eminent services—military, naval, administrative, or judicial—is the length of their duration. It is almost impossible to realise that we are yet paying for the meritorious services rendered by William Penn, the Duke of Marlborough, and the Duke of Shomberg. Is it right to saddle the nation with such burdens for ever and ever? And for ever practically they are, because so long as 2,000*l.* or 4,000*l.* are provided for the new comers of these illustrious families, we may be quite sure that an heir or a representative will be manufactured somehow. The sooner, therefore, these pensioners are bought off the better; and as a rule, no pension should be granted for a longer period than for the lives of the grantees. Far better it is to reward liberally, by a present grant, any eminent service, than charge the nation indefinitely with burdens of this description.

VIII.—*Religious Grants.*

Some very objectionable sums figure under the head of salaries and allowances defrayed by the Consolidated Fund, such as the augmentation of stipends to the Scotch Clergy 17,000*l.*, the salaries of the Ecclesiastical Establishment in the West Indies 20,300*l.*, and the endowment of Maynooth College in Ireland 26,360*l.* An effort should certainly be made to put an end to such expenditure, for which the Government gets only blame and abuse. The West India Islands need not get money from this country in support of their churches; and the Maynooth grant, apart from its being a grant in support of superstition and error, is a yearly source of scandalous waste of time in Parliament. If the Government were

prepared to deal with even hands as regards all religious communities, they would be supported by all in the repeal of such unnecessary and ill-requited grants. The State, we must remember, derives its revenue from the entire community, irrespective altogether of their religious opinions, and therefore it is called upon in return to administer the national finances with equal impartiality. If we do not wish it to sanction religious opinions which we deem grounded on error and ignorance, we must be prepared to recommend the State to withhold its support from all religious communities.

IX.—*Diplomatic Service.*

The salaries and pensions for the Diplomatic Service, including our Ambassadors and Ministers, as well as our Consuls abroad, amount to the goodly sum of 400,000*l.* The Diplomatic Service consists of two Ambassadors having a salary of 23,000*l.*; twenty-three Ministers having collectively 97,000*l.*; twenty-three Secretaries of Legation 12,900*l.*; twenty-nine paid Attachés 9,110*l.*; and eight Chargé d'Affaires and Consuls-General. France spends an equal sum of 400,000*l.* in her diplomatic service, but her classification of Ministers, Consuls-General, Consuls, &c., is better than ours. Much remains to be done in this country towards a perfect organization of the Diplomatic Service.

It seems singular that France and Turkey should be the only seats for British Embassies. Could they not be reduced to the same level as Russia, Prussia, Austria, and the United States? There is, moreover, no reason for maintaining seven Ministers in the German States, including an annual expenditure of nigh 31,000*l.* A single mission at a central point in Germany might be quite sufficient.

X.—*Administration of Justice.*

The salaries of Judges and Officers of Courts of Justice, paid out of the Consolidated Fund, amount to the large sum of 700,000*l.*, but if we include the whole expenses of our Judges and officers, Prisons and Police, the sums spent for this purpose will amount to not less than 4,000,000*l.* We have, in the United Kingdom, 449 Judges receiving in all 534,467*l.*, the Judges of the superior Courts having on an average 4,500*l.* each, and the Judges of the inferior Courts 740*l.* each. We do not grudge the remuneration of our Judges. We like to pick out for this high office the very best of the profession, and we prefer awarding to them a liberal sum, sure that by so doing we obtain the strongest guarantee for the most scrupulous integrity and the most complete absence of venality in our courts of justice. But the system pursued in granting compensation in every case where a reform is introduced is manifestly unjust to the public.

Nothing retards more the accomplishment of solid law reforms than the fear of having to compensate every officer at all affected by them. Why should not a public or a law officer be like merchants and other persons exposed to the contingencies of changes and fashions?

The expense under this head is partly paid out of the Consolidated Fund, partly annually voted in our supply services, and partly too defrayed by local rates. The votes for Law and Justice included in the second class of the Civil Services, have been as follows:—

		£			
1835-40	.....	606,000			
'41-50	.....	949,000			
'51-60	.....	2,081,000			
	£			£	
1851	.....	1,098,000	1856	.....	2,257,000
'52	.....	1,294,000	'57	.....	2,637,000
'53	.....	1,381,000	'58	.....	2,462,000
'54	.....	2,327,000	'59	.....	2,544,000
'55	.....	2,245,000	'60	.....	2,565,000

XI.—*Miscellaneous Payments.*

Other miscellaneous services are paid out of the Consolidated Fund, about many of which the less said the better, such as the interest and sinking fund on Russian Dutch loan, the interest and sinking fund on Greek loan, and the compensation for loss of duty on the coinage of tin to the Receiver-General of the Duchy of Lancaster. In these and other items the heavy sum of 177,000*l.* is annually spent.

XII.—*Supply Services.*

But we must hasten to the Supply Services. These are divided into seven classes,—1st. Public Works and Buildings; 2nd. Salaries, &c., of Public Departments; 3rd. Law and Justice; 4th. Education, Science, and Art; 5th. Colonial and Consular Services; 6th. Superannuation and Charities, and 7th. Special and temporary objects. In the aggregate of these there has been certainly an enormous increase in late years.

Average Amount of Grants for Miscellaneous Services, 1835-60.

Years.		Average.	
		£	
1835-40	.....	2,580,000	
'41-50	.....	3,400,000	
'51-60	.....	6,200,000	
	£		£
1851	..... 3,950,000	1856	..... 6,700,000
'52	..... 4,400,000	'57	..... 7,400,000
'53	..... 4,800,000	'58	..... 7,300,000
'54	..... 6,600,000	'59	..... 7,700,000
'55	..... 6,600,000	'60	..... 7,600,000

This is apparently a large increase. But if we examine each class separately, we shall find that but little saving can be anticipated in them in future years.

XIII.—*Public Works.*

The first class of the Civil Services is that for public works. This expenditure has increased as follows:—

Years.		Average.
		£
1835-40		194,000
'41-50		417,000
'51-60		751,000

	£		£
1851	509,000	1856	893,000
'52	621,000	'57	926,000
'53	808,000	'58	781,000
'54	816,000	'59	794,000
'55	747,000	'60	622,000

But what have been the principal causes of this increase? First of all, the building of that huge structure the Houses of Parliament, whose stones are already rotten, and whose huge bell never yet rung. And next the harbours of refuge, the demand for which has become most imperative in consequence of the increase of commerce and numerous wrecks. Nor have we done with such expenditure. Probably, next year, we shall see the commencement of the new buildings for the Foreign and War Offices, and as to harbours of refuge our wants are now greater than ever. Our expenditure in parks, museums, and places of recreation, is indeed most limited. Yet no nation has ever deemed it inconsistent with the duties of the State to provide for the recreation, instruction, and convenience of the people, parks, gardens, and works of art which shall reflect its rank and achievements in the annals of politics, philanthropy, science, and virtue.

XIV.—*Salaries of Public Departments.*

The second class of the supply services is the salaries and expenses of public departments in which also there has been an immense increase since 1835.

	£		£
1835-40	700,000		
'41-50	865,000		
'51-60	1,313,000		

	£		£
1851	996,000	1856	1,514,000
'52	1,032,000	'57	1,516,000
'53	1,033,000	'58	1,480,000
'54	1,400,000	'59	1,413,000
'55	1,300,000	'60	1,413,000

Under this class there are comprised not only the salaries, but the printing, stationery, and postage of public departments. No doubt the salaries are increased, but the business of the offices have also increased enormously. The more extensive our trading, the more complicated our relations, and the greater our influence, more work will be brought in to our public departments. Hence it is that the Board of Trade which cost 22,700*l.* in 1835, cost 35,000*l.* in 1860. But of late years new offices have been created, such as the Poor Law Auditors of Unions, Poor Law Schoolmasters, and Medical Relief; three items which cost now 140,000*l.* per annum, also the Copyhold Tithe Inclosure Commission, the Registrar-Generals, and many other offices. Printing and stationery costs now more than double what it did in 1833. The quantity of paper consumed is not less than 3,600,000 lbs. It is easy to complain of the extravagant bulk of blue books, and that few read them through, but, who would not regret to see any diminution in the documents and information published respecting our public matters? Who would recommend the withdrawal from the public of so much solid and valuable matter, which often illustrates in the most tangible manner, the conditions, wants, and prospects of society?

XV.—*Education, Science, and Art.*

The expenditure for education, science, and art, has been of late years as follows:

	£		£
1835-40	169,000		
'41-50	308,000		
'51-60	869,000		
	£		£
1851	436,000	1856	877,000
'52	470,000	'57	997,000
'53	598,000	'58	1,126,000
'54	721,000	'59	1,328,000
'55	832,000	'60	1,305,000

This is an enormous increase, but the reason is clearly to be found in the popularity of the present system of educational grants by the Committee of Council on Education. Great value is reasonably attached to the present system which encourages voluntary efforts for education without imposing unnecessary trammels, yet I fear that the wealthier institutions are those which are most benefited. The most needy places and those most destitute of local energy are by this system wholly neglected. I know, that should the Government attempt to found schools of its own, even in the most necessitous localities, they would be met by the strongest opposition on the part of those who advocate the leaving of the entire work of education to voluntary efforts; yet it is sad to think that of the 1,300,000*l.*

now spent in the work of education, not a penny should be given to those portions of the kingdom which stand in reality most in need of it. With the permission of the Society I will offer an illustration of the working of the present system. For some years past I have taken some interest in a society for promoting religious education in the Highlands and Islands of Scotland. No portion of the Kingdom could be in greater need of the active benevolence of every philanthropic man in this country than those secluded and sequestered portions of Scotland. Far beyond the limits of trade, with a barren land and destitute of roads, the population grow up in ignorance and superstition. A society has been formed to plant schools among them, and by dint of indefatigable industry, mainly on the part of some excellent ladies in Edinburgh, a sufficient sum is yearly collected, which sustains in a very feeble manner as many as twenty-five or thirty schools, for which teachers are engaged at a miserable salary of 10*l.* to 15*l.* a-year. We thought we could get grants from the Privy Council; but, what with the endless routine work to go through, with the inconvenience that they will not correspond with the society but with each school only, and what with the requisites as to sizes of building, the want of certificated teachers, &c., not a penny have we got after three years endeavours. Of course regulations must be made, and if any school does not come up to such regulations it has no reason to complain if it does not get the coveted grants. Yet the fact is plain that schools which have little or nothing, can get nothing from the State, whereas let a school be opened in St. George's, Hanover Square, with an endowment of 20,000*l.* a-year, and the Privy Council will double it. Something is decidedly wanted in the present system, on the one hand, to reduce the number of schools supported by the State, and on the other to grant power to the Privy Council to dispense with the prescribed regulations when the exigencies of the localities justify it. The first of these objects might be obtained by specifying a minimum income for each scholar, and to allow grants to such schools only as do not possess such standard income. The condition of every school might be quinquennially ascertained, and as any one of these attains a state of self-support the State should at once cease to make grants on its behalf. Power should at the same time be given to the Committee of Council to make grants of sums exceeding the usual proportion to the amount voluntarily contributed, and to depart from the prescribed rules as to buildings, or from regulations as to correspondence, &c., as the circumstances of the case might require.

XVI.—*Superannuation and Charities.*

Class IV, Superannuation and Charities, demands but few observations here. The superannuation grants should be connected with

the public salaries, and the expense for charities is too small to demand any comment. The expenditure under this head has been as follows:—

1835-40	£	203,000		
'41-50		186,000		
'51-60		225,000		
	£			£
1851	187,000		1856	226,000
'52	213,000		'57	240,000
'53	210,000		'58	242,000
'54	216,000		'59	243,000
'55	218,000		'60	258,000

XVII.—Colonial and Consular, &c.

Under Class V, Colonial and Consular Services, there is contained such a multitude of objects that a comparison of the expenditure since 1835, could be of little avail. As it is the total average sums are as follows:—

1835-40	£	361,000		
'41-50		419,000		
'51-60		380,000		
	£			£
1851	425,000		1856	320,000
'52	369,000		'57	382,000
'53	347,000		'58	369,000
'54	341,000		'59	428,000
'55	328,000		'60	484,000

XVIII.—Special and Temporary.

Class VII, Special and temporary objects likewise include far too many objects for special comment. The averages under this head are as follow:—

1835-40	£	237,000		
'41-50		142,000		
'51-60		564,000		
	£			£
1851	198,000		1856	537,000
'52	306,000		'57	598,000
'53	324,000		'58	678,000
'54	708,000		'59	
'55	800,000		'60	780,000

XIX.—Interest of the Debt.

One other item remains to be considered, that is the charge for the interest of the funded and unfunded debt. This important

source of expenditure has varied but little during this half century. The decennial averages were as follows:—

	£		£
1801-10	22,413,872	1831-40	29,035,480
'11-20	30,463,993	'41-50	28,511,976
'21-30	29,443,768	'51-59	28,000,000

Some little reduction was obtained last year on the interest of the debt by the falling due of certain annuities, but we have since added the interest of the loan for the Russian war, the exchequer bonds of which had to be renewed, and also of the loan made for the fortifications.

XX.—Conclusions.

Bringing now these observations to a close, I would submit the following facts and conclusions as naturally flowing from the present state and prospects of the public expenditure.

1. That whilst the average amounts of the public revenue of the United Kingdom, derived from taxation, has within the last sixty years ranged from 48,000,000*l.* to 60,000,000*l.*, the public expenditure during the same period, has ranged between 51,000,000*l.* and 74,000,000*l.*, and that whenever the expenditure has exceeded to any great extent the annual amount of revenue, a loan has become indispensable.

2. That whilst in the United Kingdom 84 per cent. of the expenditure is annually devoted to the maintenance of the forces and the payment of the interest of the public debt, leaving 16 per cent. only to defray all the charges for the civil government; in all the principal European countries, the proportional expenditure is about 56 per cent. for the forces and debt, and 44 per cent. for the civil government.

3. That in any attempt therefore to reduce the public expenditure of the United Kingdom, public attention must be principally directed to the largest controllable portion of such expenditure, viz., the portion devoted to the maintenance of the public forces.

4. That the Army expenditure of the United Kingdom, which during the great war, 1800-15, had reached an average of 25,000,000*l.* per annum, has, after a period of nigh forty years of peace, when it had been reduced to an average of 9,000,000*l.*, increased, since 1854, in consequence of the Russian, Persian, and Chinese wars, to an average of 13,500,000*l.*, and in these last years to 15,000,000*l.*; and that having regard to the present condition of politics, a condition of peace—not without fears of future troubles in Italy, Hungary, America, &c., the utmost reduction that may be anticipated in the expenditure in the next two or three years, will be to 10,000,000*l.* to 11,000,000*l.*

5. That with reference to the army expenditure, it seems desirable—1st. To reduce the army for home and imperial purposes by at least 20,000 men; 2nd. To open negotiations with the Colonial Governments with a view to their defraying the whole expenses of their military defences; so that for the future the United Kingdom shall only provide for the home defence, and for such colonial garrisons as are kept up for imperial purposes; 3rd. To increase the wages of privates and non-commissioned officers; and 4th. To make better regulations for securing the services of officers in receipt of pensions and half-pay.

6. That the navy expenditure, which during the great wars 1800-15, reached an average of 17,500,000*l.*, and which during nigh forty years of peace had been reduced to about 6,500,000*l.*, has, since 1854, in consequence of the wars already alluded to, increased to an average of 13,000,000*l.* per annum, and that having regard to the present prospects of European politics, the condition of the fleet, the increased cost of provisions, and the additional expense caused by the general introduction of steam power in the navy, we cannot anticipate a reduction in the navy expenditure during the next few years to less than 9,000,000*l.* or 10,000,000*l.*

7. That inasmuch as the cost of our forces constitutes so large a portion of our public expenditure, and the state of our forces is largely governed by the state of our relations with France and the great increase of the army and navy of that country, any negotiation which might be opened with the French Government for the simultaneous diminution of military forces to limits more in accordance with the amicable relations which now happily exist between France and Great Britain, and with the state of peace which we trust may be preserved throughout Europe, would be regarded with immense satisfaction, and prove a worthy compliment to the Treaty of Commerce recently concluded between them.

8. That it would be desirable to negotiate with all such persons as possess the right to annuities and pensions for eminent services rendered by their ancestors at very remote times, for the purchase of such annuities, and that for the future no annuity should be granted for periods exceeding the lives of the grantees.

9. That negotiations should also be entered into with religious communities now receiving grants from the State, with a view to a gradual extinction of such grants, offering them compensation whenever necessary.

10. That some saving may be made in the Diplomatic Service by reducing the number of missions in the German States, and converting the embassies of Turkey and France into missions of equal standing with those in other capitals of Europe and America.

11. That the present system of Compensation to Officers of

Courts of Justice, in cases of reforms in the laws and tribunals, is essentially erroneous, there being no implied contract with such officers to guarantee them from all contingencies which might affect status and income.

12. That although the expenses for the Civil Services exhibit an enormous increase within the last twenty-five years, from 2,580,000*l.* in the years 1835-40, to 7,600,000*l.* in 1860, the increase has been occasioned partly by a change in the method of accounts, and partly in consequence of the immense development of the resources of the nation, which necessitate more public supervision, additional public offices, and corresponding increase in printing, &c.

13. That the immensely increased votes for educational purposes, though administered most satisfactorily, fail to meet the wants of the poorer districts of the empire, where the help of Government grants would be most needed, and that for that purpose additional powers should be granted to the Committee of Council of Education to relax some of the rules respecting the condition of school buildings, correspondence with schools, &c., whilst some limits should be put to the grants, by confining them to schools which are not self-supporting.

14. That the classification adopted in the estimates for Supply Services is most unsatisfactory, and that it would be desirable to construct the finance accounts in such a way that they shall exhibit at a glance the whole expenditure under the various branches of the public services.

15. That it would be convenient for the nation, as well as for Parliament, if the accounts of the expenditure could be published at the end of each six months of the year; if the finance accounts could be made up to the 31st December of each year; and if the accounts with the estimates were delivered early on the assembling of Parliament.

On the need of economy in all the branches of public expenditure, I shall not dilate. No duty is more paramount, and no object more important than that of maintaining a perfect equilibrium between the revenue and expenditure of the nation, and no higher trust could be reposed on the executive than that of bestowing a strict and watchful care upon the public purse. This superintendence the heads of the various branches of public administration can alone efficiently exercise, and of them it is most solemnly required in this critical state of public finances,
